

AUSTRALIAN CATHOLIC UNIVERSITY SUSTAINABILITY BOND

FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS

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www.sustainalytics.com

Trisha Taneja (Toronto)
Associate, Advisory Services
trisha.taneja@sustainalytics.com
(+1) 647 317 3695

Catalina Secreteanu (Sydney)
Associate Director, Institutional Relations
catalina.secreteanu@sustainalytics.com
(+61) 2 8015 5651

Wakako Mizuta (Tokyo)
Advisor, Advisory Services
wakako.mizuta@sustainalytics.com
(+81) 3 4589 4886

TABLE OF CONTENTS

FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS	1
1. Introduction	3
2. Overview of Issuer	3
3. Framework overview	4
3.1 Use of Proceeds	4
3.2 Project Evaluation and Selection Process	5
3.3 Management of Proceeds	6
3.4 Reporting	6
4 Sustainalytics' Opinion	7
Section 1: Sustainability Performance of the Issuer	7
Section 2: Impact of Use of Proceeds	8
Section 3: Alignment with the GBP/SBP and Sustainability Bond Guidance 2017	11
Conclusion	11
APPENDICES	12
Appendix 1: List of Green Buildings	12
Appendix 2: Institutes identified for funding through ACU's Sustainability Bond	12
Appendix 3: Additional Guidelines and Codes in ACU's Ethics Approval Process	13
Appendix 4: Sustainalytics' Assessment of the WGEA Employer of Choice Citation	14
Appendix 5: Green Bond/Green Bond Programme External Review Form	16
SUSTAINALYTICS	22

1. INTRODUCTION

Australian Catholic University (ACU) has developed a sustainability bond framework under which it will issue a sustainability bond. The proceeds of the sustainability bond will be used to finance/refinance expenditures related to research and development programs with social impact, and green buildings. ACU has engaged Sustainalytics to provide a second opinion on its framework and the framework's social and environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of ACU's management and treasury teams to understand the sustainability impact of their business processes and planned use of proceeds for the bond. Sustainalytics also reviewed relevant public and internal documents. This document contains two sections: Framework Overview – summary of ACU's Sustainability Bond Framework; and Sustainalytics' Opinion – an opinion on the framework.

2. OVERVIEW OF ISSUER

Australian Catholic University (ACU) was founded in 1991, based on the values of the Catholic intellectual tradition, following the amalgamation of four Catholic tertiary institutions. ACU has eight domestic and international campuses located in Adelaide, Ballarat, Brisbane, Canberra, Melbourne, North Sydney, Strathfield, and Rome. The university's primary areas of focus, in both its teaching research include: 1) Education and Arts, 2) Health Sciences, 3) Law and Business, and 4) Theology and Philosophy. The university offers bachelor, master and doctoral degrees and currently has more than 32,000 students. ACU's mission states that it is committed to the pursuit of knowledge, the dignity of the human person and the common good.

ACU states that it views the pursuit of sustainability as a key aspect of its mission. In line with its mission, the university created a Sustainability Framework for 2016 – 2020,¹ in which it established the following six goals:

1. Embrace, embed and be strong advocates for Laudato Si'² within ACU and the wider Australian and global community;
2. Reduce waste and the throwaway culture within ACU;
3. Improve the quality of the natural environment and adapt to climate change;
4. Provide facilities that meet the needs of staff and students and that are economically, environmentally, socially and culturally sustainable;
5. Support local job creation, the poor and disadvantaged within ACU's communities;
6. Further develop a successful mission-focused organisation through maximising the creativity and potential of ACU's staff and students.

In order to incorporate its policy and framework into its sustainability practices, the university is planning to issue a sustainability bond to finance/refinance some of its expenditures related to research programs with social impact and property projects, which will address goals 3, 4, and 6 above.

¹ ACU internal Sustainability Framework document

² Laudato Si', <https://laudatosi.com/watch>

Laudato Si' is The Papal encyclical "Laudato Si': Caring for our Common Home" that stresses the urgent needs for the action to understand and address the global environment deterioration and social inequities. The encyclical was released in June 2015 by the Pope Francis.

3. FRAMEWORK OVERVIEW

For the purpose of issuing a sustainability bond, ACU has developed the following framework, which addresses the four key pillars of the Social Bond Principles 2017³ and the Green Bond Principles 2017⁴: use of proceeds, project selection process, management of proceeds, and reporting.

3.1 Use of Proceeds

The proceeds of the sustainability bond will be allocated towards refinancing and funding projects that meet the following eligibility criteria.

3.1.1 Eligibility Criteria

1. EXPENDITURES RELATED TO RESEARCH AND DEVELOPMENT FOR EDUCATION AND HEALTHCARE RESEARCH PROGRAMS

Use of Proceeds: Expenditures related to research conducted by institutes in the areas of education and healthcare that aims to benefit vulnerable populations. See Appendix 2 for a full list of institutions identified as having met this criterion.

2. EXPENDITURES RELATED TO GREEN BUILDINGS

Use of Proceeds: Expenditures related to financing, or refinancing buildings that have been designed and built with a minimum 5 star GBCA Green Star Design or As Built rating, or meet the Low Carbon Buildings criteria of the Climate Bonds Standard⁵. See Appendix 1 for a full list of buildings identified as having met this criterion.

3.1.2 Exclusionary Criteria

ACU has developed a list of exclusionary criteria for the proceeds of the ACU Sustainability Bond. ACU commit to not knowingly be involved in financing any of the following projects/activities through the proceeds of the ACU Sustainability Bond.

1. Manufacture or wholesale retail of alcoholic beverages;
2. Manufacture or wholesale retail of tobacco products;
3. Ownership or operation of gambling enterprises;
4. Production or distribution of adult entertainment materials;
5. Manufacture or retail sale and distribution of weapons and small arms;
6. Transportation of live cattle;

³ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/SocialBondsBrochure-JUNE2017.pdf>

⁴ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

⁵ The Climate Bonds Standard for low-carbon buildings states that to meet the standard, commercial property buildings must achieve a LEED Gold or Platinum certification or equivalent performance rating under other buildings standards such as BREEAM and Green Star within the last 5 years. Issuers seeking to apply the ratings of other buildings standards must demonstrate that those ratings deliver a level of performance in line with LEED Gold or Platinum. The Green Buildings Council of Australia has confirmed to Sustainalytics that Green Star 5 or Green Star 6 ratings would be the equivalent of LEED Gold or Platinum certification level.

7. Whaling;
8. Predatory lending activities;
9. Production or refining of palm oil;
10. Extraction or refining of fossil fuels;
11. Large-scale hydro projects (i.e. projects that generate greater than 20 MW of electricity);
12. Technology and equipment for large scale hydro projects;
13. Transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated;
14. Conducting animal testing for pharmaceutical products, medical devices, and biotechnology.

3.2 Project Evaluation and Selection Process

Sustainability Objectives

In line with ACU's mission, which aims to serve the common good and social justice, ACU identifies six goals with specific objectives in its Sustainability Framework. These objectives center around continuous improvement both on environmental performance, which includes the reduction of waste and water consumption, the management of ACU's impact on the environment, and the development of best practice sustainable building standards, as well as on social performance such as valuing Indigenous people, increasing targeted engagement with disadvantaged communities, and empowering its students to take positive actions towards others well-being, safety and health.

Application of Eligibility and Exclusionary Criteria in Project Selection

The green buildings and research institutes that will be funded through the proceeds of the ACU Sustainability Bond have already been identified and are listed in Appendix 1 and 2. The decision to select these projects in line with the eligibility and exclusionary criteria is made by the Chief Financial Officer at ACU.

Process to Mitigate Environmental and Social Risks Stemming from Eligible Projects

To mitigate the social risks related to research, ACU's ethics approval process requires that all research requiring data collection through interviews be approved by an Ethics Committee. For research involving targeted populations, ACU's ethics approval process includes additional guidelines such as, for example, its guidelines for Child Protection and Working with Children Checks, a set of guidelines for research involving Aboriginal and Torres Strait Islander people, and guidelines for privacy of research subjects. Finally, ACU also requires that funded research comply with other basic legal requirements of states/territories, as well as with codes such as the ACU Code of Conduct and the Australian Code for the Responsible Conduct of Research.⁶

⁶ ACU internal document on Ethics Approval Process

3.3 Management of Proceeds

The proceeds of the ACU Sustainability Bond will be earmarked for financing/refinancing projects that meet the eligibility criteria presented above. ACU has implemented internal accounting and financial management and information systems to track and report on eligible projects and expenditures and verify whether proceeds of the ACU Sustainability Bonds have been fully allocated. Surplus proceeds from the bond may be held in temporary investments such as cash or cash equivalents pending allocation to eligible projects. ACU has committed to allocating the proceeds to eligible projects within 24 months from issuance of the bond.

3.4 Reporting

ACU will report annually on its ACU Sustainability Bond within its annual report, which will be posted on the ACU website. Reporting on the bond will include information on the use of proceeds reporting as well as impact, where available. Information disclosed in relation to each eligible project included within the ACU Sustainability Bond portfolio will be provided subject to availability and confidentiality provisions.

ACU has also committed that KPMG will provide reasonable assurance that the use of proceeds from the ACU Sustainability Bond are in accordance with ACU's Sustainability Bond Framework.

Where relevant and feasible, ACU will also report on one or more of the following impact metrics:

- Green Star- As Built ratings once provided for completed buildings listed in Appendix 1;
- GHG emissions avoided for every certified building per year;
- Water consumption reduced for every certified building per year;
- Energy consumption reduced for every certified building per year;
- Qualitative case studies that describe the research programs being funded and, where possible, the expected social impact of the research programs.

4 SUSTAINALYTICS' OPINION

Section 1: Sustainability Performance of the Issuer

Contribution of the 2017 Sustainability Bond to ACU's sustainability strategy

Following the ACU's mission, the university is committed to promoting the dignity of all people and the common good as well as to preparing staff and student to make contributions to the human community by exploring cultural, social, ethical and religious issues in its teaching, researching and services and by advancing every field of knowledge.⁷ In addition to the mission, ACU demonstrates a sustainability-focused commitment through its Sustainability Framework for 2016 - 2020.

The ACU Sustainability Bond contributes to specific goals laid out in the organisation's Sustainability Framework. Of the six goals outlined in the Sustainability Framework, the Sustainability Bond directly contributes to the following three: Improve the quality of the natural environment and adapt to climate change; provide facilities that meet the needs of staff and students and that are economically, environmentally, socially and culturally sustainable; and further develop a successful Mission-focused organisation through maximising the creativity and potential of ACU's staff and students.

Sustainalytics is of the opinion that ACU's Sustainability Framework is strong and in keeping with the organisation's mission. Each sustainability goal outlined in the ACU Sustainability Framework outlines specific objectives and actions and identifies lead and support staff responsible for it. Sustainalytics is of the opinion that the Sustainability Framework could be strengthened by adding quantitative and time-bound targets.

Considering its mission-driven identity, its comprehensive Sustainability Framework, and the contribution of the Sustainability Bond to the organisation's sustainability objectives, Sustainalytics is of the opinion that ACU's bond framework is aligned with the university's mission and strategic plan, and ACU is well positioned to issue a sustainability bond.

Well positioned to address common social and environmental risks associated with the projects

There are some social risks associated with research programs that are targeted to improving services for targeted populations. These risks include interviews and data collection involving vulnerable populations, inaccurately representation of the concerns of vulnerable populations, and concerns related to the privacy of vulnerable populations that serve as research subjects. To mitigate these concerns, ACU has in place an Ethics Approval Process, described in its Framework document under 'Project Selection Process.' ACU's ethics approval process requires that all research requiring data collection through interviews be approved by an Ethics Committee. For work involving targeted populations, ACU's ethics approval process includes additional guidelines. A complete list of the guidelines and codes required by this ethics approval process is provided in Appendix 3. Sustainalytics is of the opinion that this approval process is credible as it includes specific guidelines to be followed to mitigate risks for vulnerable populations. In Sustainalytics' opinion, ACU is well positioned to mitigate these social risks for its research programs.

⁷ ACU Mission: http://www.acu.edu.au/about_acu/our_university/mission_and_profile

Section 2: Impact of Use of Proceeds

Social Impact of R&D expenditures

Challenges confronting healthcare for indigenous people such as Aboriginal and Torres Strait Islander people, whose average life expectancy is shorter than that of non-Indigenous Australians, make research and development expenditures valuable to positive impact.⁸ Since those challenges can be seen not only from the socio-economic context including poorer educational opportunities, employment options, income, and social networks and support but also from sub-cultural related factors such as traditions, attitudes, beliefs, and customs of Indigenous people,⁹ the fundamental research and educational support is the key to promote their poorer health status. In order to alleviate challenges and make positive changes, ACU is leading some research and development programs focusing on Indigenous people through its several research institutions. For example, the Institute for Positive Psychology & Education, the Mary MacKillop Institute for Health and Research, Institute for Health & Aging, and the Centre for Health and Social Research all conduct research aimed at improving the health and well-being of Indigenous people including elderly or other vulnerable groups. Furthermore, the Institute for Positive Psychology & Education and the Learning Sciences Institute Australia aim to improve the accessibility of education for indigenous people and children respectively. Particularly, the Institute for Positive Psychology & Education focusses on identifying the success factors in indigenous education, and replicating them to enable indigenous communities to achieve positive educational outcomes. These institutions provide the opportunities to identify Indigenous communities' concerns, create positive outcomes in health and education, and also to develop the understanding of their status. Given this context in Australia, Sustainalytics is of the opinion that R&D focusing on Indigenous people and communities creates direct and sustainable positive impact.

Environmental Impact of Green Buildings in Australia

The Australian government is committed to reducing greenhouse gas emissions by 26-28 per cent below 2005 levels by 2030, in line with Paris Agreement¹⁰. In order to achieve the target reduction, the government has adopted several policies including the application of Minimum Energy Performance Standards for new appliances and buildings¹¹ in commercial and residential sectors. In addition, the National Construction Code (NCC) 2016,¹² which details the minimum necessary requirements for safety, health, amenity and sustainability in the design and construction of new buildings and new building work in existing buildings, was introduced by the States and Territories in 2016. Given those national targets and regulations, the role of green buildings in Australia is significant.

⁸ Australian Institute of Health and Welfare, <http://www.aihw.gov.au/ageing/about/>

⁹ Australian Indigenous Health Info Net, <http://www.healthinfonet.ecu.edu.au/states-territories-home/wa/reviews/our-review/health-risk-factors>

¹⁰ Department of the Environment and Energy, Australian Government, <http://www.environment.gov.au/climate-change/publications/factsheet-australias-2030-climate-change-target>

¹¹ Australian Sustainable Built Environment Council, <http://www.asbec.asn.au/news-items/australias-2030-emission-reduction-target/>

¹² Australian Building Codes Board, <http://www.abcb.gov.au/NCC/About>

Environmental rating systems such as Green Star and NABERS (National Australian Built Environment Rating System) are widely accepted as key to reducing the environmental impact of buildings. According to the Green Building Council of Australia, which oversees the Green Star system, Green Star-certificated buildings on average emit 62% less greenhouse gas emissions than average Australian buildings and use 66% less electricity than the average Australian city building. They also consume 51% less potable water than if they had been built to meet minimum industry requirements.¹³

ACU already has one completed building – the Daniel Mannix Building on its Melbourne Campus – certified as a 6-Star building under the Green Star- As Built certification programme. The university has confirmed to Sustainalytics that the buildings to be financed or refinanced will be assessed under Green Star rating tool and will receive Green Star 5 or 6 Design and As Built certification. Sustainalytics believes that the buildings to be financed or refinanced through this project will provide environmental benefits and contribute to the Australian government’s greenhouse gas emissions reduction goal.

Alignment with SDGs

In September 2015, the Sustainable Development Goals (SDGs) were adopted by leaders of 193 United Nations member states, which committed to achieving the 17 goals and 169 targets by 2030. The goals have become a focal point for many institutions – both governmental and non-governmental – that aim to contribute to solutions to major global sustainability challenges. Projects funded by ACU’s sustainability bond are expected to contribute to Goals 3, 4, 11, and 13, which address Health and Well Being, Education, Sustainable Cities and Climate Change. Sustainalytics is of the opinion that the ACU Sustainability Bond will make a positive contribution to the SDGs.

Social context of Issuer: Social Impact of ACU and its Educational Programs

Addressing the demand for Physiotherapists in Victoria, Australia

ACU has a physiotherapy program, and one of the four buildings funded through the proceeds of this sustainability bond (Physiotherapy Building in Ballarat) is dedicated for use by the ACU Physiotherapy program.

Physiotherapy is one of the skilled occupations where there are shortages or recruitment difficulties in Australia.¹⁴ The report provided by the department of Employment, Australian Government in 2016, shows that there are a number of regional areas affected by the shortage, including Northern Territory, Queensland, Tasmania, and Victoria¹⁵. In Victoria, where the Ballarat campus (one of four buildings to be funded by the bond) is located, the demand for physiotherapists is growing in public and private hospital and elderly care facilities, mainly due to population growth and ageing, as well as expanded roles as a result of advances in medicals, ergonomics and occupational health and safety.¹⁶ Given these demands,

¹³ Green Building Council of Australia, https://www.gbca.org.au/uploads/212/34772/Introducing_Green_Star.pdf

¹⁴ The department of Employment, Australian Government, https://docs.employment.gov.au/system/files/doc/other/skillshortagelistaus_5.pdf

¹⁵ Department of Employment, Australian Government, https://docs.employment.gov.au/system/files/doc/other/aushealthprofessions_0.pdf

¹⁶ The department of Employment, Australian Government, https://docs.employment.gov.au/system/files/doc/other/anzsco_2525-11_physiotherapist_-_vic.pdf

50 per cent of physiotherapist vacancies in regional Victoria remained unfilled in 2016, while in the Victoria metropolitan areas 38 per cent of such vacancies remained unfilled.¹⁷

In this context, the ACU's physiotherapy program addresses the specific fields of study, including ergonomics and community health centers, that can help to meet growing demand for physiotherapy in Victoria. In addition, the physiotherapy program requires the students to complete a number of clinical placements from their first year to final year. The placements are conducted at various sites in Victoria, including hospitals, private practice, aged care facilities and rehabilitation units, and in areas where there is unfulfilled demand.

Impact of the healthcare graduates working in rural areas

People in rural and remote areas of Australia have less access to healthcare than those living in metropolitan areas because of the limited availability of hospital services, hostel accommodation, expenditures, and health workforce in the rural and remote areas.¹⁸

ACU states that it provides health students with a range of clinical experiences with placements in hospitals and private practice in rural settings. For example, ACU requires its physiotherapist students in their final year to undertake a five-week, full-time clinical placement in several clinical areas, including a rural physiotherapy placement. In addition, ACU also encourages its students to take placements in rural areas by providing scholarships, including Social Work Rural Placement Scholarship and ACU Canberra Rural Placement Scholarships.

In Sustainalytics' view ACU makes significant efforts to fill supply shortages in healthcare by encouraging its graduates to work in rural and remote areas.

Impact of providing education to disadvantaged populations

AUC offers 32 types of scholarships that aim to address equity issues, especially those faced by minority groups such as Aboriginals, refugees, some islander populations. For example, ACU provides Aboriginal and Torres Strait Islander students with a few types of scholarships that can be used for their education in all degree programs. Additionally, there are also scholarships available for refugee students to study at ACU'S law school.

Workplace gender equality at ACU

ACU is certified by the Workplace Gender Equality Agency as a WGEA Employer of Choice. Sustainalytics has assessed the strength of the WGEA Assessment methodology and views it as a credible indication that an organisation is a leader in workplace gender equality.

¹⁷ The department of Employment, Australian Government, https://docs.employment.gov.au/system/files/doc/other/anzsco_2525-11_physiotherapist_-_vic.pdf

¹⁸ Australian Institute of Health and Welfare, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=6442459022>

Section 3: Alignment with the GBP/SBP and Sustainability Bond Guidance 2017

Overall, Sustainalytics is of the opinion that projects funded by the ACU Sustainability Bond have clear social and environmental impact as the outcomes are clearly recognized as eligible by the Social Bond Principles 2017 and the Green Bond Principles 2017.

Alignment with Green/Social Bond Principles 2017 and Sustainability Bond Guidance 2017:

Sustainalytics has determined that the ACU Sustainability Bond aligns to the four pillars of the Social Bond Principles 2017, the Green Bond Principles 2017, and the Sustainability Bond Guidance 2017. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

Conclusion

ACU's Sustainability Bond Framework is transparent and provides clarity regarding use of proceeds and the expected social and environmental impacts of the projects. In the context of Australia's sustainable development challenges, the ACU Sustainability Bond contributes to creating social impact by providing opportunities to identify Indigenous and other disadvantaged communities' concerns, creating positive outcomes in health and education, and also by developing understanding of indigenous and other disadvantaged communities' status. The ACU Sustainability Bond also contributes to the Australian government's greenhouse gas emissions reduction goal. Projects funded by ACU's sustainability bond are also expected to contribute to Sustainable Development Goals 3, 4, 11, and 13, which address Health and Well Being, Education, Sustainable Cities and Climate Change. The ACU Sustainability Bond also has transparent management of proceeds, project selection process, and reporting. Sustainalytics is of the opinion that the ACU Sustainability Bond is credible and robust.

APPENDICES

Appendix 1: List of Green Buildings

Name of Building	Status of building	Campus	Status of certification	Level and type of certification
Physiotherapy Building Ballarat	Completed January 2017	Ballarat	Completing submission for Green Star rating	Green Star 5 minimum, As Built rating
Mother Theresa of Kolkota Building	Target completion Q1 2020	Melbourne	Registered by Green Buildings Council Australia	Green Star 5, Design
Veritas Building	Target completion February 2018	Canberra	Registered by Green Buildings Council Australia	Green Star 5, Design
Daniel Mannix Building	Existing	Melbourne	Received Green Star rating	Green Star 6, As Built

Appendix 2: Institutes identified for funding through ACU's Sustainability Bond

The **Institute for Positive Psychology & Education (IPPE)** conducts rigorous, multi-disciplinary research to:

- address critical educational and psychosocial issues
- translate theory and research into effective policy and practice, and
- demonstrate how people can not just succeed — but flourish and thrive.

The **Mary MacKillop Institute for Health Research (MMIHR)** aims to identify critical gaps within community and healthcare services, with an explicit goal to improve health outcomes (and a focus on vulnerable groups) via innovative individual, community and health service-focused programs.

The **Institute for Health & Ageing (IHA)** investigates the impact of people's experience on the ageing process, and develops, implements and evaluates interventions that improve the quality of life of older people, their family and carers.

The **Centre for Health and Social Research's (CHaSR)** mission is to work with Australian communities to improve their health and wellbeing through research that has a direct and sustainable impact.

Appendix 3: Additional Guidelines and Codes in ACU's Ethics Approval Process

Additional guidelines that apply to the research approval process include adherence to guidelines in the areas of:

- Child Protection and Working with Children Checks
- Access to government and non-government schools
- Research involving Aboriginal and Torres Strait Islander people
- Privacy
- Clinical Trials
- Insurance and Indemnity
- Biosafety

The proposed research protocol must comply with:

- National Statement on Ethical Conduct in Human Research
- Australian Code for the Responsible Conduct of Research
- ACU Code of Conduct for Research
- National Privacy Principles (NPPs)
- Information Privacy Principles (IPPs)
- Any additional State/Territory legislation

Appendix 4: Sustainalytics' Assessment of the WGEA Employer of Choice Citation

The strength of the WGEA EOCGE framework derives from the following three factors:

- (i) *The EOCGE citation uses criteria that are meaningful and assess workplace gender equality in a holistic manner*

The combination of results-based criteria and process-based criteria contained in the EOCGE citation ensure that it is a holistic measure of an organisation's progress to create an equal workplace. The EOCGE assesses organisations on criteria that demonstrate results in achieving gender equality in the workplace, such as gender remuneration gap, and number of women in leadership positions. The citation also assesses organisations on criteria that demonstrate the organisation has processes in place to embed gender equality in the workplace over the long term. Three such process based criteria include employee consultation, learning and development (for example, mentorship and career development programs for women), and flexible working arrangements.

Most commonly, workplace gender equality is assessed solely through results based criteria, often using the number of women on boards or in senior management as the primary metric. However, results based metrics like the number of women in leadership positions serve only as a signal that the organisation could have an inclusive workplace and environment. The presence of women in leadership positions does not, by itself, imply that the pathway to leadership is equitable, and that there are processes in place to allow women to progress to leadership roles in a fair manner.

Process based criteria, on the other hand, play an important role in establishing equal opportunity in the workplace. Embedding processes, such as flexible working arrangements and mentorship programs, is key to ensuring an equal chance of advancement for both men and women. Such processes entrench equal opportunities in the workplace, and are important to ensure progress towards results. For example, flexible working arrangements are important for retention of women, allowing them to progress to senior roles. These process-based criteria play a role in achieving results, like a high number women in leadership positions.

Sustainalytics is of the opinion that this combination of results-based and process-based criteria ensures that EOCGE citation organisations are assessed on workplace gender equality in a comprehensive and meaningful manner.

- (ii) *The EOCGE citation considers workplace gender equality an organisational priority through a focus on accountability and targets*

Sustainalytics is of the opinion that the level at which organisations assign ultimate

accountability for implementing their gender equality strategies, and the tracking of progress of these strategies, are indicative of the priority they assign to achieving results.

The EOCGE citation recognizes the importance of considering workplace gender equality initiatives as an organisational business priority. The citation assesses if accountability for workplace gender equality lies with an organisation's board, CEO, executive or senior managers. It also assesses organisations on internal targets and monitoring of progress against those targets. Organisations that receive an EOCGE citation must demonstrate that workplace gender equality is an organisational priority through having a formal policy to support gender equality, assigning responsibility for the implementation of that policy to senior leadership, having the CEO be a visible champion of gender equality, and tracking progress on workplace gender equality internally. In Sustainalytics' opinion, this is a strength of the EOCGE framework.

(iii) *The WGEA annually reviews and strengthens the EOCGE framework*

WGEA regularly reviews the pre-requisites for achieving the EOCGE citation to assess if they are reflective of leading practices in gender equality. The WGEA also annually makes amendments to these pre-requisites in line with new legislation and constantly evolving industry best practices. For example, 10 new pre-requisites were added to achieve the EOCGE citation in 2016. This ensures that the eligibility criteria for achieving the EOCGE citation is constantly strengthening, and that the bar for demonstrating leading practices in gender equality is continually being raised. Sustainalytics is of the opinion that such self-strengthening criteria is indicative of best-practice, and is an important strength of the EOCGE framework.

Appendix 5: Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: Australian Catholic University

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:

Review provider's name: Sustainalytics

Completion date of this form: July 1st, 2017

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Sustainability Bond Framework and Second Opinion Document above.

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section (if applicable):
Proceeds from the ACU sustainability bond will be used to fund expenditures related to research conducted by institutes in the areas of education and healthcare that aims to benefit vulnerable populations, and expenditures related to financing, or refinancing buildings that have been designed and built with a minimum 5 star GBCA Green Star Design or As Built rating, or meet the Low Carbon Buildings criteria of the Climate Bonds Standard. Sustainalytics is of the opinion that these projects have clear social and environmental impact as the outcomes are clearly recognized as eligible by the Social Bond Principles 2017 and the Green Bond Principles 2017.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency: achieved through green building certification |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input checked="" type="checkbox"/> Other (<i>please specify</i>): R&D for social impact (healthcare and education for targeted/disadvantaged populations), Green Buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):
Projects selected for funding through the ACU sustainability bond are selected based on their alignment with the eligibility and exclusionary criteria by the Chief Financial Officer at ACU. Additionally, projects contribute to ACU’s sustainability objectives as detailed in its Sustainability Framework. Projects are also subject to ACU’s internal ethics approval process to mitigate social risks related to research with

targeted/disadvantaged populations. Sustainalytics is of the opinion that the process to select projects is credible.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The proceeds of the ACU Sustainability Bond will be earmarked for financing/refinancing projects that meet the eligibility criteria presented above. ACU has implemented internal accounting and financial management and information systems to track and report on eligible projects and expenditures and verify whether proceeds of the ACU Sustainability Bonds have been fully allocated. Surplus proceeds from the bond may be held in temporary investments such as cash or cash equivalents pending allocation to eligible projects. ACU has committed to allocating the proceeds to eligible projects within 24 months from issuance of the bond. This process is in line with industry norms.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in a systematic manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

ACU will report annually on its ACU Sustainability Bond within its annual report, which will be posted on the ACU website. Reporting on the bond will include information on the use of proceeds reporting as well as impact, where available.

ACU has also committed that KPMG will provide reasonable assurance that the use of proceeds from the ACU Sustainability Bond are in accordance with ACU's Sustainability Bond Framework.

Where relevant and feasible, ACU will also report on one or more of the following impact metrics:

- Green Star- As Built ratings once provided for completed buildings listed in Appendix 1;
- GHG emissions avoided for every certified building per year;
- Water consumption reduced for every certified building per year;
- Energy consumption reduced for every certified building per year;
- Qualitative case studies that describe the research programs being funded and, where possible, the expected social impact of the research programs.

Use of proceeds reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
|---|--|

Other ESG indicators (please specify): See framework for a complete list of all impact indicators and qualitative impact reporting

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): ACU website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<http://www.acu.edu.au/>
http://www.acu.edu.au/about_acu/our_university/mission_and_profile/sustainability

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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Sustainalytics
info@sustainalytics.com
www.sustainalytics.com

